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June 28, 2006

To: Mayor Michael D. Antonovich
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Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

From: David E. Janssen
Chief Administrative Officer

SACRAMENTO UPDATE

Medi-Cal Hospital Waiver Health Coverage Initiative

Over the past two weeks, activity has continued on legislation to implement the \$180 million health coverage initiative component of the 2005 Medi-Cal hospital financing reform waiver. The DSH Task Force, of which the County is a member, conveyed to the Legislature that the health coverage initiative should be configured to benefit safety net hospitals via a distribution formula for eligible entities and counties rather than the county-based application process as drafted in **SB 1448 (Kuehl)**, the measure being crafted to implement the initiative. Among other DSH Task Force concerns were June 15, 2006 amendments to SB 1448 that limited county awards to no more than 30 percent of the \$180 million, and language that could be interpreted to limit a county's ability to reduce indigent care in the future.

While the indigent care language has been corrected through new amendments to SB 1448 on June 22, 2006, Senator Kuehl, staff from Legislative leadership and the Administration have rejected the DSH Task Force's formula approach. Efforts to change the 30 percent limitation have been unsuccessful as well because this issue is linked to a negotiation with Republican members whose support is key to achieving the two-thirds vote needed to move this urgency measure. SB 1448 passed the Assembly Committee on Health by a vote of 9 to 0 on June 20, 2006, and is scheduled to be heard in the Assembly Appropriations Committee on June 28, 2006. The measure is expected to be sent to the Governor in July.

Under the 2005 waiver, California has the potential to access up to \$180 million annually in Federal funds for three years (2007-2010) subject to the creation of a health coverage program for uninsured patients. The State is required to submit a plan for approval to the Federal government by September 1, 2006 in order to access these funds effective September 1, 2007. The existence of the \$180 million is attributable to the spending history of the County's 1115 waiver which was incorporated into the State's waiver.

The Department of Health Services' (DHS) Deficit Management Plan of April 5, 2006 estimated a \$50 million revenue benefit in Fiscal Years 2007-08, 2008-09, and 2009-10. If DHS is successful under the application process outlined in SB 1448, the maximum amount of benefit that can be obtained is \$54 million for each of the three years of the initiative.

Pursuit of County Position on Legislation

SB 380 (Alquist and Ashburn), as amended on June 26, 2006, would require the State Interagency Team for Children and Youth to develop a plan to transform California's group home system for foster youth and children with serious emotional disorders (SED) into a residentially based services system designed to provide intensive, short-term interventions to expedite placement in a permanent family setting. The provisions in SB 380 were previously contained in County-supported SB 1570 which was also authored by Senators Alquist and Ashburn. SB 1570 was placed on the Senate Appropriations Suspense File on May 25, 2006.

SB 380 would require the State to develop a plan to reform the current group home system with input from public and private stakeholders including the California Departments of Social Services, Mental Health, Education, Alcohol and Drug Programs, and Corrections and Rehabilitation; county child welfare, mental health, probation, and drug and alcohol programs; current and former foster youth, parents of foster children and children with serious emotional disorders, group home operators and child advocates. SB 380 appropriates \$500,000 to the California Health and Human Services Agency to hire an outside consultant to assist in the development of the plan.

The plan, which must be submitted to the State Legislature by July 1, 2008, would provide for comprehensive assessments, clear and objective placement criteria, and the involvement of youth and families in developing plans of care to meet the needs of foster youth and SED children in residential placement. The plan must also include a new methodology to use AFDC-Foster Care program funds to provide residential care services.

SB 380 assumes that savings resulting from reducing the average length of stay in foster care and re-entries into foster care would be used to pay private nonprofit agencies to provide residential services and would also pay for pre-discharge family

planning, post-discharge services and county costs for completing assessments and plans of care. The bill would allow counties and private, non-profit agencies to develop and test alternative program designs and funding models for residentially based services, with the approval of the California Department of Social Services.

Since the provisions of SB 380 were previously contained in County-Supported SB 1570, **our Sacramento advocates will support SB 380.**

Currently, there is no registered support or opposition to SB 380. However, SB 1570 was supported by the County Welfare Directors Association, Leroy Haynes Center, Hathaway-Sycamores Child and Family Services, the California Permanency for Youth Project, Rebekah Children's Services, Vista Del Mar, Optimist Youth Home and Family Services, Sunny Hill Services, Five Acres, Advent Group Ministries, and Sacramento Children's Home. There was no registered opposition to SB 1570.

SB 380 is in the Assembly Rules Committee awaiting assignment to a committee for hearing.

SB 1469 (Cedillo), as amended on June 15, 2006, would require a county juvenile detention facility, beginning January 1, 2008, to notify a county welfare department when a juvenile is incarcerated for 30 days or longer so that the county welfare department can determine if the juvenile will be eligible for Medi-Cal or Healthy Families on release from custody. It would require a county juvenile detention facility to provide the county welfare department with a ward's name, release date, any known information regarding the ward's Medi-Cal status prior to disposition, and sufficient information for the department to begin the process of determining the ward's eligibility for benefits. If the ward is a minor, the county juvenile detention facility would also be required to give the ward's parent or guardian the opportunity to opt out of the Medi-Cal eligibility determination.

On receipt of the information from the county juvenile detention facility, the county welfare department would be required to promptly contact the ward's parent or guardian to begin the application process and determine eligibility for benefits under the Medi-Cal Program. The county would be required to expedite the application of a ward scheduled to be released in fewer than 45 days. If the ward does not meet the requirements for Medi-Cal, the county welfare department would be directed to forward the application for determination of eligibility for the Healthy Families Program or other health coverage program. If the county welfare department determines that a ward meets eligibility requirements for Medi-Cal, the county would be required to provide sufficient documentation to enable the ward to obtain necessary medical care upon release from custody.

By June 1, 2007, the California Department of Health Services would be required to consult with the Chief Probation Officers of California and the County Welfare Directors

Association to establish protocols and procedures to implement this measure. As a State-mandated local program, reimbursement for the implementation costs of SB 1469 would be claimable through the SB 90 process.

Under existing State regulations, individuals who are inmates of public institutions are not eligible for Medi-Cal, except as a patient in a medical institution.

The author of the bill indicates that many wards lose their coverage for Medi-Cal or Healthy Families while incarcerated. As a result, upon release they do not have the medical care they need until they re-enroll in a health insurance program. The problem is especially acute for those adolescents exiting the juvenile detention system who are in need of psychotropic medicine or other medical care necessary to treat severe health conditions. A significant factor in the high rates of recidivism among youth is the failure of a ward to receive treatment for a mental health or substance abuse disorder.

The County Departments of Health Services, Mental Health, Probation and Public Social Services recommend that the County support SB 1469 because it will provide Medi-Cal and other health benefits for eligible adolescents immediately upon their release from juvenile detention facilities, which will be an important means to help troubled youth put their lives back on track after incarceration, and we concur. Consistent with County policy to support proposals that reduce the number of uninsured persons, and expand Medi-Cal and Healthy Families coverage to low-income persons such as juveniles within county probation systems, **our Sacramento advocates will support SB 1469.**

SB 1469 is sponsored by the author and supported by the American Federation of State, County and Municipal Employees; California Coalition for Youth, California Commission on the Status of Women; California Medical Association; California Psychological Association; California Public Defenders Association; the City of Los Angeles; County Alcohol and Drug Program Administrators Association of California; Juvenile Court Judges of California, and the California Chapter of the National Association of Social Workers, among others. There is no registered opposition. SB 1469 passed the Assembly Health Committee on June 20, 2006 by a vote of 10 to 3, and now proceeds to the Assembly Appropriations Committee.

Status of County-Interest Legislation

County-supported AB 2240 (Committee), which would allow Plan E members to purchase up to five years of additional service credit, was approved by the Senate as part of its consent calendar on Monday, June 26, 2006. Current statutory authorization to purchase additional service credit applies only to contributory plans, and Plan E is a non-contributory plan. The cost of purchase will be calculated so there is no additional financial burden on the retirement system. Since there were no amendments in the Senate, AB 2240 now awaits the Governor's actions.

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County-sponsored AB 2870 (De La Torre), which would authorize the testing for Hepatitis B and C of defendants who attack prosecutors or public defenders in a courtroom, was approved by the Senate Public Safety Committee on Tuesday, June 27, 2006 by a vote of 6 to 0. The measure now proceeds to the Senate Appropriations Committee with a hearing expected in August.

We will continue to keep you advised.

DEJ:GK
MAL:JF:IGR:cc

c: All Department Heads
Legislative Strategist
Local 660
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participant